

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administration Services

Utah Department of Administrative Services
Division of Purchasing and General Services

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Summary: Division of Purchasing and General Services

In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing. The new division became the Division of Purchasing and General Services. The procurement function that enables other agencies to contract for goods and services remains a General Fund function. Other programs operate as Internal Service Funds and are considered separately in the ISF section of the budget.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
General Fund	1,315,000	(41,800)	1,273,200
Dedicated Credits Revenue	82,600		82,600
Total	\$1,397,600	(\$41,800)	\$1,355,800
Programs			
Purchasing and General Services	1,397,600	(41,800)	1,355,800
Total	\$1,397,600	(\$41,800)	\$1,355,800
FTE/Other			
Total FTE	24		24

The *Analyst FY 2003 Base* budget recommendation includes the *Revised Estimate* from FY 2002 as approved by the Executive Appropriations Committee and the following items:

- Adjustment for FY 2002 one-time programs;
- Payroll cost of an extra day in FY 2003;
- Transfers of Market Comparability Adjustments; and,
- Net changes for Internal Service Fund rates.

FY 2003 changes reflect the incremental costs of across the board reductions and annualization of partial budget cuts approved for FY 2002, including a reduction equivalent to one FTE in personal services.

2.0 Issues:

2.1 Electronic Commerce

The Legislature actively supports the development of electronic commerce – including an enhancement of the way state agencies purchase goods and services.

Electronic Purchasing Services

The mission of Electronic Purchasing Services is to provide state agencies, local government, school districts and higher education an efficient and effective source of office products and other services to enhance their ability to conduct business. Electronic Purchasing Services has negotiated an office supply contract that saves state agencies from 53 to 75 percent of listed retail price of products bought from the office supply contractor. The contractor has online ordering and standard next day delivery.

Online Bidding

Vendors who wish to do business with the state also have the ability to take advantage of electronic commerce by accessing the Division's web site at www.purchasing.state.ut.us. Vendors can file online bids, receive RFP updates or changes by email and view final bid tabulations upon contract award. The Division should be complimented for using technology to further open access to taxpayers.

2.2 Comparison of State Contract to Consumer Price

Many items that are routinely purchased by the State are found on a "contract vendor list" available at the Division's website. The state contract includes items as varied as office supplies and shotgun shells. Section 3.3 provides a random sample of items available on the state contract and compares them to the typical consumer price.

2.3 FY 2003 Reduction

To balance FY 2002, the Department of Administrative Services found additional resources in Purchasing and General Services. The Analyst Base restores the funds, but again uses funds in Purchasing to offset fund transfers in other agencies. The amount is equivalent to one FTE, but the Analyst encourages the Division to find other sources to make the reduction.

General Fund.....(\$41,000)

3.0 Programs: Division of Purchasing

3.1 Division of Purchasing

Recommendation

The Analyst base recommendation reflects a reduction for savings in personal services.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	1,292,000	1,325,800	1,273,200	52,600
General Fund, One-time		(110,000)		(110,000)
Dedicated Credits Revenue	75,600	82,300	82,600	(300)
Transfers		21,900		21,900
Beginning Nonlapsing	73,900	83,000		83,000
Closing Nonlapsing	(83,000)			
Total	\$1,358,500	\$1,403,000	\$1,355,800	\$47,200
Expenditures				
Personal Services	1,221,900	1,220,300	1,255,000	(34,700)
In-State Travel	900	900	2,400	(1,500)
Out of State Travel	5,100	5,100	3,600	1,500
Current Expense	97,600	44,500	65,800	(21,300)
DP Current Expense	33,000	132,200	29,000	103,200
Total	\$1,358,500	\$1,403,000	\$1,355,800	\$47,200
FTE/Other				
Total FTE	24	24	24	

Purpose

The Division of Purchasing provides a centralized purchasing function for all State agencies. It handles more than \$400 million dollars in purchases, manages 550 statewide contracts, oversees more than 2,000 agency contracts, and processes more than 2,000 requisitions a year.

The Utah Procurement Code (Utah Code 63-56-9) creates a centralized purchasing entity to:

- 1) ensure that vendors are treated fairly and equitably;
- 2) provide increased economy in state procurement activities, and
- 3) foster effective broad-based competition among suppliers.

Dedicated Credits are generated by fees collected from bidders seeking inclusion on the automated information mailing system. This system automatically solicits bidders on a given commodity. Participation in this program is optional and bids are only mailed to those listed on the system or to those who specifically call and request the bid. Copies of all bids are available for public inspection at the front desk in the Division of Purchasing office.

3.2 Electronic Purchasing

The Division makes a concerted effort to implement cooperative purchasing ventures with surrounding states. These ventures have the potential of giving the State greater purchasing leverage and improved pricing:

- In FY 1999, the Division of Purchasing implemented a Purchasing Card system that allows agencies to make routine purchases quickly and more efficiently.
- All State bid and RFP solicitations are now available on the Internet. The Division is creating an email notification system that will notify potential suppliers of the procurement electronically, replacing our current paper based system.
- All statewide contracts are available to users via the Internet.
- Office supplies can now be ordered electronically over the Internet from our office supply contractor. Delivery is next day on most orders.

3.3 Comparison of State Contract to Consumer Price

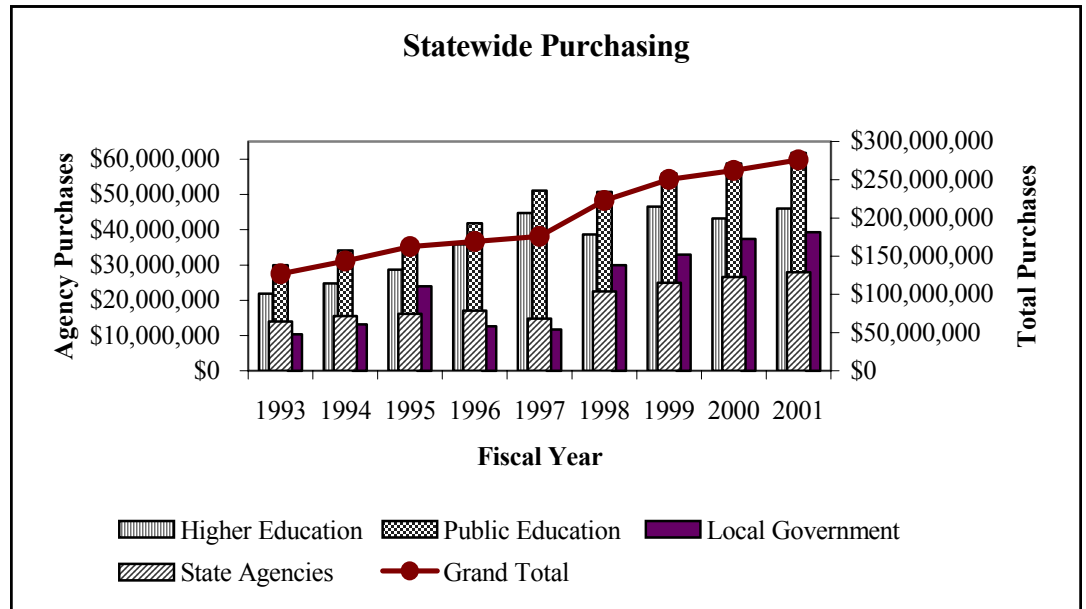
Many items that are routinely purchased by the State are found on a “contract vendor list” available at the Division’s website. The state contract includes items as varied as office supplies and shotgun shells. Prices offered by vendors on the state contract are generally lower than those available to the general public. In a random sample of ten contracts, the Analyst found that nine vendors are providing service or merchandise to the state at rates better than those available to individual consumers. The table on the next page provides a summary of the findings from the random sample.

The following is a random sample of state contracts. "Quoted Price" means the price given to Legislative Staff posing as an individual consumer.

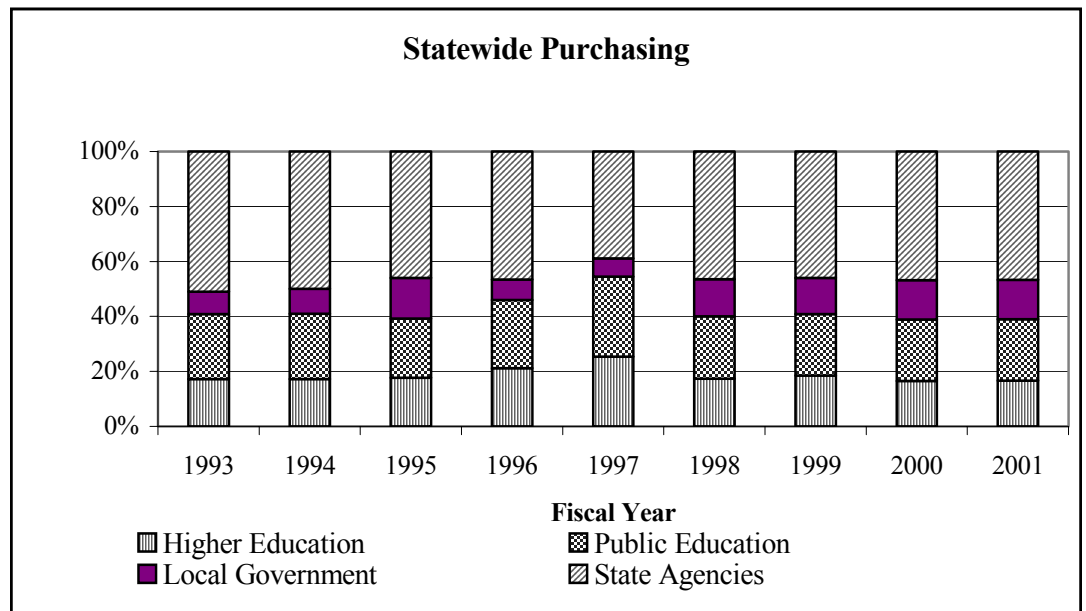
	State Bid	Quoted Price
1. Evenflo Company		
Evenflo First Choice Car Seat	23.50	23.50
Evenflo Discovery Adjust Right Car Seat Wbase & Canopy (Infant)	34.00	34.00
Evenflo Secure Choice-Convertible Rear Facing to 30# with Tether	36.00	36.00
Evenflo "The Express"	34.99	34.99
Evenflo "Right Fit" No Back Booster (40#-80#)	16.55	16.55
Evenflo Discovery Adjust Right V Infant (with base, canopy &	44.09	44.09
Conquest V Conv. Seat	37.10	37.10
Sightseer High Back Booster	22.68	22.68
2. Express Shuttle		
Sandy (zip code 84093) First person/add't person	15.00	18.00
Kaysville (zip code 84037)	19.00	22.00
Provo (zip code 84604)	19.00	26.00
3. Culligan Bottled Water		
Water (5 gal)	2.80	5.55
Bottle Deposit	6.00	6.00
Cold Water Dispenser	48.00	62.40
Hot & Cold Water Dispenser	57.00	86.40
Cups - 4-1/2 oz. Cone 200/sleeve	2.25	3.25
Cups - 7 oz flat 100/sleeve	2.75	3.75
4. Waxie Cleaning Products		
Waxie Super Kleenz	5.45/gal	11.61/gal
Waxie Suds	.375/100 lb	.647/100 lb
5. Dwyer's Communication		
Portable Radio-KenwoodTK-280K	428.00	455.00
Delete Standard 16 hour charger-KSC-19	21.00	32.50
Spare Battery-KNB-16A	43.00	59.00
Delete Belt Loop-KLH-75	25.20	38.00
Mobile Radio-TK-790HBK/9BHD1	1,010.00	1,062.00
Mobile Radio-TK-760GHK	362.00	505.00
6. Motorola C and E Inc.		
Portable Radio MT 2000	986.00	980.00
Portable Radio P1225	487.00	487.00
Mobile Radio, trunk mount-MCS2000 Model II	1,711.00	1,690.00
7. Sharp Electronics		
Sharp AR-163 Digital Copier Contract Price/Retail/Sale	1,465.00	1,995.00
Sharp AR-207 Digital Copier	3,245.00	5,440.00
Sharp AR-287 Digital Copier	5,048.00	6,489.00
Sharp AR-337 Digital Copier	5,376.00	10,895.00
8. Muzak		
Custom Messages-On Hold	65.00	65.00
Install	100.00	150.00
9. Ikon Office Solutions		
Cannon imageRUNNER 5000S	9,800.00	11,151.00
Cannon imageRUNNER550	11,200.00	13,251.00
10. Xerox Corporation - Paper by the Pallet		
8-1/2X11	22.50	34.50
8-1/2X11	24.10	36.75
8-1/2X14	29.00	44.50
11X17	22.50	34.50

Performance Measures

State Purchasing managed over \$250 million in purchases during FY 2001.



State agencies account for half of the purchases made through the Division of Purchasing. Local government numbers fluctuate from irregular patterns of fleet purchases and non-standardized reporting procedures.



4.0 Additional Information: Division of Purchasing

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	1,217,500	1,257,600	1,292,000	1,325,800	1,273,200
General Fund, One-time				(110,000)	
Dedicated Credits Revenue	86,700	82,000	75,600	82,300	82,600
Transfers				21,900	
Beginning Nonlapsing	10,100	8,400	73,900	83,000	
Closing Nonlapsing	(8,400)	(73,900)	(83,000)		
Total	\$1,305,900	\$1,274,100	\$1,358,500	\$1,403,000	\$1,355,800
Programs					
Purchasing and General Services	1,305,900	1,274,100	1,358,500	1,403,000	1,355,800
Total	\$1,305,900	\$1,274,100	\$1,358,500	\$1,403,000	\$1,355,800
Expenditures					
Personal Services	1,165,900	1,163,400	1,221,900	1,220,300	1,255,000
In-State Travel	2,700	1,900	900	900	2,400
Out of State Travel	2,700	5,800	5,100	5,100	3,600
Current Expense	104,500	86,100	97,600	44,500	65,800
DP Current Expense	30,100	16,900	33,000	132,200	29,000
Total	\$1,305,900	\$1,274,100	\$1,358,500	\$1,403,000	\$1,355,800
FTE/Other					
Total FTE	25	24	24	24	24